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DEPARTMENT OF COMMERCE

International Trade Administration

(A-469-815)

Finished Carbon Steel Flanges From Spain: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) preliminarily determines that finished carbon steel flanges from Spain are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is April 1, 2015, through March 31, 2016. The estimated weighted-average dumping margins of sales at LTFV are shown in the “Preliminary Determination” section of this notice. Interested parties are invited to comment on this preliminary determination.

DATES: Effective [Insert date of publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Mark Flessner or Erin Kearney, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-6312 or (202) 482-0167, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department initiated this investigation on July 20, 2016.¹ We selected one mandatory respondent in this investigation, ULMA Forja, S.Coop (ULMA), which accounted for

¹ See *Finished Carbon Steel Flanges from India, Italy, and Spain: Initiation of Less-Than-Fair-Value Investigations*, 81 FR 49619 (July 28, 2016) (*Initiation Notice*).

all imports of finished carbon steel flanges from Spain during the POI.² For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum that is dated concurrently with this determination and hereby adopted by this notice.³ A list of topics in the Preliminary Decision Memorandum is included as Appendix II to this notice.

The Preliminary Decision Memorandum is a public document and is made available to the public via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and is available to all parties in the Department's Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly on the internet at <http://enforcement.trade.gov/frn/>. The signed Preliminary Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The product covered by this investigation is finished carbon steel flanges from Spain. For a full description of the scope of this investigation, *see* the "Scope of the Investigation," in Appendix I of this notice.

² *See* Memorandum from Mark Flessner to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, entitled, "Respondent Selection for the Antidumping Duty Investigation of Finished Carbon Steel Flanges from Spain," dated November 18, 2016 (Respondent Selection Memorandum).

³ *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, entitled "Decision Memorandum for the Preliminary Determination in the Antidumping Duty Investigation of Finished Carbon Steel Flanges from Spain," dated concurrently with this notice (Preliminary Decision Memorandum).

Scope Comments

We received no comments from interested parties regarding the scope of the investigation as it appeared in the *Initiation Notice*. The scope published in the *Initiation Notice* contained typographical errors, which have been corrected in Appendix I.

Methodology

The Department is conducting this investigation in accordance with section 731 of the Tariff Act of 1930, as amended (the Act). Pursuant to section 776(a) of the Act, the Department preliminarily relied upon facts otherwise available to assign an estimated weighted-average dumping margin to the mandatory respondent in this investigation, because ULMA did not submit a response to the Department's questionnaire.⁴ Further, the Department preliminarily determines that ULMA failed to cooperate by not acting to the best of its ability to comply with a request for information, and has applied an adverse inference in selecting from the facts otherwise available (AFA) for ULMA, in accordance with section 776(b) of Act. For a full description of the methodology underlying our preliminary determination, *see* the Preliminary Decision Memorandum.

All-Others Rate

Section 733(d)(1)(A)(ii) of the Act provides that in the preliminary determination the Department shall determine an estimated "all-others" rate for all exporters and producers not individually investigated, in accordance with section 735(c)(5) of the Act. Section 735(c)(5)(A) of the Act states that generally the estimated rate for all-others shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any

⁴ *See* Letter from ULMA to the Secretary of Commerce entitled, "ULMA Piping's Notice of Intent Not To Respond To The Department's Questionnaire -- Finished Carbon Steel Flanges from Spain," dated September 30, 2016.

margins determined entirely under section 776 of the Act. The estimated weighted-average dumping margin determined for the individually examined respondent in this preliminary determination was determined entirely under section 776 of the Act. In an investigation where no weighted-average dumping margins other than zero, *de minimis*, or those determined entirely under section 776 of the Act have been established for individually examined entities, in accordance with section 735(c)(5)(B) of the Act, the Department has previously used the simple average of the margins calculated in the petition and applied the result to “all-other” entities not individually examined.⁵

With respect to Spain, the petitioners calculated two margins in the Petition.⁶ Thus, consistent with our practice, we preliminarily assigned as the “all-others” rate in this investigation the simple average of the two dumping margins calculated for subject merchandise from Spain provided in the Petitions, as recalculated by the Department for initiation purposes, which is 18.81 percent.⁷

⁵ See *Steel Threaded Rod from Thailand: Preliminary Determination of Sales at Less Than Fair Value and Affirmative Preliminary Determination of Critical Circumstances*, 78 FR 79670, 79671 (December 31, 2013), unchanged in *Steel Threaded Rod from Thailand: Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances*, 79 FR 14476, 14477 (March 14, 2014); see also *Notice of Preliminary Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany*, 73 FR 21909 (April 23, 2008); unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany*, 73 FR 38986 (July 8, 2008).

⁶ See Letter from Weldbend Corporation and Boltex Mfg. Co., L.P. (collectively, petitioners) to the Secretary of the U.S. International Trade Commission and the Secretary of Commerce entitled, “Finished Carbon Steel Flanges from Spain: 2nd Supplemental Questionnaire Response,” dated July 13, 2016, at 2 and Exhibit 1. See also AD Investigation Initiation Checklist: Finished Carbon Steel Flanges from Spain (July 20, 2016) (in which the petition margins were recalculated for purposes of initiation).

⁷ *Id.*

Preliminary Determination

The Department preliminarily determines that finished carbon steel flanges from Spain are being, or are likely to be, sold in the United States at LTFV, pursuant to section 733 of the Act, and that the following estimated weighted-average dumping margins exist:

Exporter/Manufacturer	Weighted-Average Dumping Margin (percent)
ULMA Forja, S.Coop	24.43
All Others	18.81

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of finished carbon steel flanges from Spain, as described in the Scope of the Investigation in Appendix I, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*.

Pursuant to section 733(d) of the Act and 19 CFR 351.205(d), we will instruct CBP to require cash deposits⁸ equal to the weighted-average amount by which the normal value exceeds U.S. price, as indicated in the chart above, as follows: (1) the rate for the mandatory respondent listed above will be the respondent-specific rate we determined in this preliminary determination; (2) if the exporter is not a mandatory respondent identified above, but the producer is, the rate will be the specific rate established for the producer of the subject merchandise; and (3) the rate for all other producers or exporters will be the all-others rate. The suspension of liquidation instructions will remain in effect until further notice.

⁸ See *Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations*, 76 FR 61042 (October 3, 2011).

Disclosure

Normally, the Department discloses to interested parties the calculations performed in connection with a preliminary determination within five days after public announcement of the preliminary determination in accordance with 19 CFR 351.224(b). Because the Department preliminarily applied a rate from the Petition as AFA to the mandatory respondent in this investigation, there are no calculations to disclose.

Verification

Because the mandatory respondent in this investigation did not provide the information requested, the Department will not conduct verifications.

Public Comment

Interested parties are invited to comment on this preliminary determination no later than 30 days after the date of publication of this preliminary determination.⁹ Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.¹⁰ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW,

⁹ See 19 CFR 351.309(c)(1)(i); *see also* 19 CFR 351.303 (for general filing requirements).

¹⁰ See 19 CFR 351.309(d); *see also* 19 CFR 351.303 (for general filing requirements).

Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

All documents must be filed electronically using ACCESS. An electronically-filed request must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Standard Time.

International Trade Commission (ITC) Notification

In accordance with section 733(f) of the Act, we are notifying the ITC of our affirmative preliminary determination of sales at LTFV. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

January 26, 2017

Date

Appendix I

Scope of the Investigation

The scope of this investigation covers finished carbon steel flanges. Finished carbon steel flanges differ from unfinished carbon steel flanges (also known as carbon steel flange forgings) in that they have undergone further processing after forging, including, but not limited to, beveling, bore threading, center or step boring, face machining, taper boring, machining ends or surfaces, drilling bolt holes, and/or de-burring or shot blasting. Any one of these post-forging processes suffices to render the forging into a finished carbon steel flange for purposes of this investigation. However, mere heat treatment of a carbon steel flange forging (without any other further processing after forging) does not render the forging into a finished carbon steel flange for purposes of this investigation.

While these finished carbon steel flanges are generally manufactured to specification ASME B16.5 or ASME B16.47 series A or series B, the scope is not limited to flanges produced under those specifications. All types of finished carbon steel flanges are included in the scope regardless of pipe size (which may or may not be expressed in inches of nominal pipe size), pressure class (usually, but not necessarily, expressed in pounds of pressure, *e.g.*, 150, 300, 400, 600, 900, 1500, 2500, *etc.*), type of face (*e.g.*, flat face, full face, raised face, *etc.*), configuration (*e.g.*, weld neck, slip on, socket weld, lap joint, threaded, *etc.*), wall thickness (usually, but not necessarily, expressed in inches), normalization, or whether or not heat treated. These carbon steel flanges either meet or exceed the requirements of the ASTM A105, ASTM A694, ASTM A181, ASTM A350 and ASTM A707 standards (or comparable foreign specifications). The scope includes any flanges produced to the above-referenced ASTM standards as currently stated or as may be amended. The term “carbon steel” under this scope is steel in which:

- (a) iron predominates, by weight, over each of the other contained elements:
- (b) the carbon content is 2 percent or less, by weight; and
- (c) none of the elements listed below exceeds the quantity, by weight, as indicated:
 - (i) 0.87 percent of aluminum;
 - (ii) 0.0105 percent of boron;
 - (iii) 10.10 percent of chromium;
 - (iv) 1.55 percent of columbium;
 - (v) 3.10 percent of copper;
 - (vi) 0.38 percent of lead;
 - (vii) 3.04 percent of manganese;

- (viii) 2.05 percent of molybdenum;
- (ix) 20.15 percent of nickel;
- (x) 1.55 percent of niobium;
- (xi) 0.20 percent of nitrogen;
- (xii) 0.21 percent of phosphorus;
- (xiii) 3.10 percent of silicon;
- (xiv) 0.21 percent of sulfur;
- (xv) 1.05 percent of titanium;
- (xvi) 4.06 percent of tungsten;
- (xvii) 0.53 percent of vanadium; or
- (xviii) 0.015 percent of zirconium.

Finished carbon steel flanges are currently classified under subheadings 7307.91.5010 and 7307.91.5050 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also be entered under HTSUS subheadings 7307.91.5030 and 7307.91.5070. The HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum:

1. Summary
2. Background
3. Period of Investigation
4. Scope of the Investigation
5. Scope Comments
6. Application of Facts Available and Use of Adverse Inference
7. Calculation of All-Others Rate
8. Verification
9. Conclusion

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